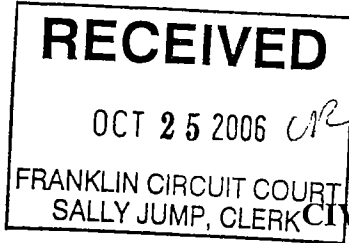
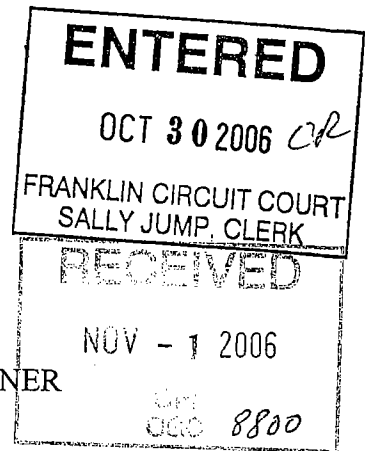


COPY



COMMONWEALTH OF KENTUCKY  
FRANKLIN CIRCUIT COURT  
DIVISION I  
FRANKFORT, KENTUCKY

CIVIL ACTION NO. 06 CI 1486



OFFICE OF FINANCIAL INSTITUTIONS

PETITIONER

vs. ORDER INCORPORATING SETTLEMENT AGREEMENT

KINGDOM OIL, INC.  
and ERNEST CADICK

CO-PETITIONERS

\* \* \* \* \*

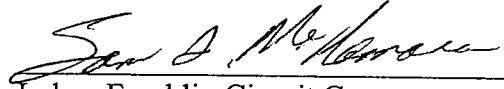
Whereas the parties have entered into a "Settlement Agreement" settling all issues involved in a certain administrative action before the Executive Director of the Office of Financial Institutions styled Office of Financial Institutions v. Kingdom Oil, Inc. and Ernest Cadick, Agency Case No. 2005-AH-038, Administrative Action No. 06-PPC-0042; and,

Whereas a part of the "Settlement Agreement" (numerical paragraph 5) stated "this Settlement Agreement and said Order incorporating it (of the Executive Director) will be filed with the Franklin Circuit Court to be entered as an Order of the Court subject to the contempt power of the judiciary. By executing this Settlement Agreement the Respondents and their attorney enter their appearance and waive service of process in the subsequent action in Franklin Circuit Court wherein that Court will be asked to enter this Settlement as its own Order."; and,

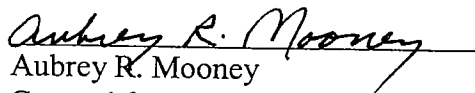
Whereas the Co-Petitioners have, nevertheless, been given notice of the entry of this requested Order;

IT IS ORDERED THAT THE PARTIES SETTLEMENT AGREEMENT  
ENTERED AUGUST 25, 2006 IN ADMINISTRATIVE ACTION NO. 06-PPC-0042 IS  
ENTERED AS A FINAL ORDER OF THIS COURT AND ALL TERMS THEREOF  
ARE INCORPORATED HEREIN AS IF FULLY SET OUT.


Entered this 25 day of Oct., 2006.

  
\_\_\_\_\_  
Judge, Franklin Circuit Court  
Division I  
Franklin County Courthouse  
Frankfort, KY

Prepared by:

  
\_\_\_\_\_  
Aubrey R. Mooney  
Counsel for Petitioner

Have seen:

  
\_\_\_\_\_  
Hon. Hunter Durham  
Attorney for Co-Petitioners

COMMONWEALTH OF KENTUCKY  
ENVIRONMENTAL AND PUBLIC PROTECTION CABINET  
OFFICE OF FINANCIAL INSTITUTIONS  
AGENCY CASE NO. 2005-AH-038  
ADMINISTRATIVE ACTION NO. 06-PPC-0042

OFFICE OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

FINAL ORDER OF EXECUTIVE DIRECTOR

KINGDOM OIL, INC.  
and ERNEST CADICK

RESPONDENTS

\* \* \* \* \*

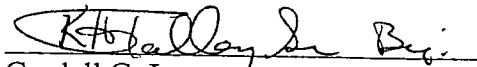
Whereas the above styled action was settled by agreement of the parties reduced to writing on August 25, 2006; and,

Whereas said "Settlement Agreement" was incorporated into a "Recommended Order" (attached hereto) signed by Thomas J. Hellman, Hearing Officer, on September 13, 2006; and,

Whereas no exceptions have been filed to said Recommended Order since its entry;

The Executive Director of the Office of Financial Institutions hereby incorporates the terms of the Settlement Agreement signed by Ernest Cadick on August 25, 2006 (copy attached hereto) into this Final Order. This Final Order may be entered as an Order of the Franklin Circuit Court pursuant to the terms of the Recommended Order and the Settlement Agreement.

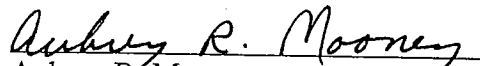
Entered this 10 day of October, 2006.



Cordell G. Lawrence  
Executive Director  
Office of Financial Institutions  
1025 Capital Center Dr., Suite 200  
Frankfort, KY 40601  
(502) 573-3390

### Certificate

I, Aubrey R. Mooney, certify that I caused a copy of the above Executive Director's Final Order to be mailed to the Hon. Hunter Durham, attorney for Ernest Cadick, Durham & Zornes, 130 Public Square, P.O. Box 100, Columbia, KY 42728 this 10 day of October, 2006.



Aubrey R. Mooney  
Attorney for Complainant  
1025 Capital Center Dr., Suite 200  
Frankfort, KY 40601  
(502) 573-3390 ext. 240

**COMMONWEALTH OF KENTUCKY  
ENVIRONMENTAL AND PUBLIC PROTECTION CABINET  
OFFICE OF FINANCIAL INSTITUTIONS  
AGENCY CASE NO. 2005-AH-038  
ADMINISTRATIVE ACTION NO. 06-PPC-0042**

**OFFICE OF FINANCIAL INSTITUTIONS**

**COMPLAINANT**

**vs.**

**SETTLEMENT AGREEMENT**

**KINGDOM OIL, INC. and  
ERNEST CADICK**

**RESPONDENTS**

\* \* \* \* \*

Whereas the Parties met at the offices of the Division of Administrative Hearings in the Office of the Attorney General at 9:00 am, Friday, July 21, 2006 for the purpose of conducting a hearing before the Hon. Thomas J. Hellman, Hearing Officer into the issues presented by an Administrative Complaint filed herein on November 28, 2005 and an Amended Complaint filed herein on May 19, 2006, and,

Whereas upon the initiation of the said administrative hearing it was discovered that settlement of the issues might be possible;

Now therefore to place into writing the terms of agreement and to secure written consent to the settlement, the Parties do hereby agree as follows and by placing their signatures hereto do consent to abide by such terms, to wit:

1. The Respondents, Ernest Cadick and Kingdom Oil, Inc., acknowledge they have violated certain provisions of KRS Chapter 292, the Kentucky Securities Act. Specifically, the Respondents sold interests in oil and gas

exploration projects designated as "Assignments of Overriding Royalty" which assignments are securities as defined in KRS Chapter 292. The Respondents also sold instruments designated as "Private Loan Agreements" for the purpose of raising investment capital in oil and gas ventures which private loan agreements are also acknowledged to be securities as defined in KRS Chapter 292. The Respondents acknowledge that sale of the assignments and the loan agreements should have been reported to the Division of Securities of the Kentucky Office of Financial Institutions and that such reporting did not occur. The Respondents further acknowledge that with the offer of the sale of the subject assignments or private loan agreements, prospective purchasers of these securities should have been given written disclosures in a "prospectus" or "private placement memorandum" and no such disclosures were made in any written form. The Respondents agree that their failure to disclose as cited in the complaints herein was a violation of KRS 292.321(1)(b).

2. For their violations of KRS Chapter 292, the Respondents agree to pay a civil fine of Five Thousand Dollars (\$5,000) to the Office of Financial Institutions within ninety (90) days of the executions of this settlement agreement.
3. Further for their violations of KRS Chapter 292 the Respondents agree that should Ernest Cadick, individually or as an officer of any corporation or other legal entity, desire to sell any investments or to solicit funds for investment purposes, he shall have the prior approval of the Director of

the Division of Securities of the Office of Financial Institutions before offering or selling any such security.

4. Rescission shall be made to all investors named in the administrative complaint and the amended complaint in this action in the following manner:

a) Within ninety (90) days of the execution of this settlement agreement, the Respondents shall:

- i. Pay the sum of Twelve Thousand Five Hundred (\$12,500) to Ronald Turner and his wife, Renee Turner (It is understood that the Turner's have a pending civil action #06-CI-340 in Nelson Circuit Court, Bardstown, KY. Payment of the foregoing sum will be a credit against any sums found by the Nelson Circuit Court to be due and owing Mr. and Mrs. Turner as a result of their investment in a \$15,000 private loan agreement with Ernie Cadick. Acceptance by the Turner's of any sums herein shall not prejudice prosecution of Action #06-CI-340 in Nelson Circuit Court.)
- ii. Pay the sum of Thirty Thousand (\$30,000) to Paul Crutcher as rescission for his investment in a private loan agreement with Kingdom Oil, Inc.
- iii. Pay the sum of Two Thousand Five Hundred Dollars (\$2,500) to Phyllis Crutcher as rescission for her

investment in a private loan agreement with Ernie Cadick.

iv. Pay the sum of Thirteen Thousand Dollars (\$13,000) to Linda S. Carney as rescission for her purchase of four private loan agreements from Ernie Cadick.

v. Pay the sum of Ten Thousand Dollars (\$10,000) to Victoria Mouser as rescission for her purchase of a private loan agreement from Kingdom Oil, Inc.

b) Within one hundred twenty (120) days of the execution of this settlement agreement, the Respondents shall:

i. Pay the sum of Five Thousand Dollars (\$5,000) to Linda S. Carney as rescission for her purchase of an assignment of overriding royalty from Ernie Cadick. Linda S. Carney understands that upon payment of the said rescission, she will convey back to Ernie Cadick any and all interest held by her under the September 12, 1994 assignment of overriding royalty.

ii. Pay the sum of Five Thousand Dollars (\$5,000) to Glenna Foster as rescission of her purchase of an assignment of overriding royalty dated June 23, 1993 from Ernie Cadick and Glenna Foster will transfer any and all interest she may have under that



instrument back to Ernie Cadick upon his payment as required hereunder.

- iii. Pay the sum of Seven Thousand Five Hundred Dollars (\$7,500) to Phyllis Crutcher as rescission for her purchase of two assignments of overriding royalty, one dated March 3, 1993 in the amount of \$2,500 and one dated September 12, 1994 in the amount of \$5,000. Phyllis Crutcher agrees to convey any and all interest she has under said documents to Ernie Cadick upon his payment to her of the sum of \$7,500.

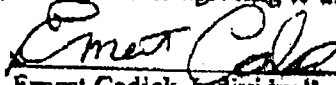
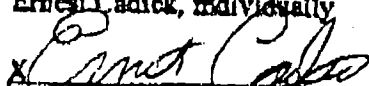
It is understood that the date of execution of this document shall be the date upon which both Ernie Cadick and his attorney, Hon. Hunter Durham, have signed this settlement agreement. For the purpose of payment of the sums mentioned herein, the term "execution of this agreement" shall have relation to when it is signed by the representative of the Office of Financial Institutions or when it is approved by the hearing officer herein.

It is further understood that payment of the sums agreed to be paid herein shall be made by check payable to and addressed to the individual investor. A copy of each such rescission check and any cover letter thereto should be mailed on the date mailed to the investor to Chad

Harlan, Investigator, Division of Securities, Office of Financial  
Institutions, 1025 Capital Center Dr., Suite 200, Frankfort, KY 40601.

5. By executing this agreement, the Respondents and the Respondents' attorney agree and understand that this Settlement Agreement will be incorporated into an Order of the Executive Director of the Office of Financial Institutions and thereafter this Settlement Agreement and said Order incorporating it will be filed with the Franklin Circuit to be entered as an Order of the Court subject to the contempt power of the judiciary. By executing this Settlement Agreement the Respondents and their attorney enter their appearance and waive service of process in the subsequent action in Franklin Circuit Court wherein that Court will be asked to enter this Settlement Agreement as its own Order.


Having seen and read this document, we sign same agreeing to the terms thereof.

  
Ernest Cadick, individually  
  
Ernest Cadick, as Control Person for  
Kingdom Oil, Inc.

STATE OF KENTUCKY

COUNTY OF FIDELITY

The foregoing Settlement Agreement was signed and acknowledged before me by Ernest Cadick, individually, and as Control person of Kingdom Oil, Inc., to be his voluntary true act and deed this 25 day of August, 2006.

  
Notary Public, State at Large  
My Commission Expires: 6-6-08


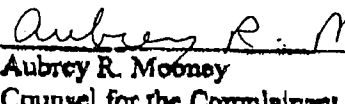
Aug-25-2006 10:14am From-DURHAM DURHAM ZORNES  
Aug-24-2006 03:08pm From-DURHAM VAM ZORNES

+2703845781

T-883 P.007/007 F-352

+2703845781

T-882 P.008/008 F-348

  
\_\_\_\_\_  
Hollis Hunter Durham  
Attorney for the Respondents  
\_\_\_\_\_  
Aubrey R. Mooney  
Counsel for the Complainant